

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AUTHORIZATION OF)	CASE NO.
CHANGES IN SERVICE TERRITORY WITH)	2011-00411
KENERGY CORP)	

O R D E R

On October 11, 2011, Kentucky Utilities Company ("KU") filed an application for approval of an agreement between KU and Kenergy Corp. ("Kenergy") concerning changes to the certified territories of both companies. According to the application, the territorial boundary change requested involves two parcels of land that includes the property of P&H Grain in Crittenden County, Kentucky, which is located inside KU's service territory. The application notes that P&H Grain requested KU to provide three phase power for a water irrigation system that would be a seasonal load. KU states that it does not have a three phase line in that area and that it would cost over \$100,000 to construct a three phase line, which P&H Grain has indicated an unwillingness to pay. Kenergy, however, has a three phase line in the immediate location of the pumps. As a result, KU and Kenergy have entered into an agreement whereby they agree that Kenergy will serve P&H Grain's water wells irrigation system located approximately 2.5 miles from the town of Frances in a field adjacent to Maple Lake. The signed agreement was filed as an exhibit to the application describing the boundary changes.

A detailed map and the affected P&H Grain topographic quadrant map reflecting the boundary changes were also included in the exhibit to the application.

KU maintains that the requested territorial boundary change satisfies KRS 278.016 by promoting the orderly development of retail electric service and minimizing disputes between retail electric suppliers. KU also asserts that the change is necessary for public convenience and necessity.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. The proposed boundary changes do not affect any other portion of KU's and Kenergy's certified territory.
2. Kenergy's electric distribution facilities are the closest to the property in question.
3. Although the subject property is currently located in its certified territory, KU cannot provide retail electric service to the property without incurring significant costs to provide three phase power to P&H Grain.
4. The proposed contract promotes the orderly development of retail electric service and minimizes disputes between retail electric suppliers that would result in inconvenience, diminished efficiency, and higher costs in serving the customer.
5. The proposed contract avoids the wasteful duplication of facilities, unnecessary encumbering of the landscape, and prevents waste of materials and natural resources.
6. The proposed contract promotes the purposes of KRS 278.016 and will provide adequate and reasonable service to the area and consumers that its affects.

7. Good cause exists to grant KU's request for a deviation from 807 KAR 5:001, Section 8(2) concerning the filing of ten copies of the complete set of maps. However, KU shall file one additional copy of the complete set of maps.

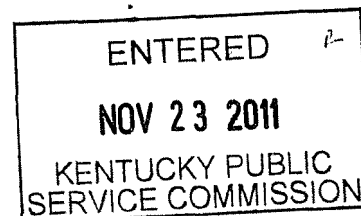
IT IS THEREFORE ORDERED that:

1. KU is granted a deviation from 807 KAR 5:001, Section 8(2) to submit less than ten copies of the complete set of maps. However, within 20 days from the date of this Order, KU shall file one additional copy of the complete set of maps.

2. The contract between KU and Kenergy to reallocate the P&H Grain water wells irrigation system from KU to Kenergy is approved.

3. All other certified territorial boundaries between KU and Kenergy remain unchanged.

By the Commission



ATTEST:


Executive Director

Donnie Mills
Manager
Earlington Operations Center - Kentuc
195 Hubert Reid Drive
Earlington, KENTUCKY 42410

John Newland
President & CEO
Kenergy Corp.
P. O. Box 18
Henderson, KY 42419

Marty J Reinert
Sr. Regulatory Analyst
LG&E and KU Services Company
220 West Main Street
Louisville, KENTUCKY 40202

Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, KENTUCKY 40202